



HALEY BARBOUR
GOVERNOR

STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

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GOVERNOR BARBOUR MAKES FURTHER CUTS TO FY 2010 STATE BUDGET

Revenues continue to fall requiring adjustment to spending plan

Jackson, Mississippi – Governor Haley Barbour today announced nearly \$54.3 million in additional Fiscal Year 2010 budget cuts made necessary because of continuing declines in revenue collections. Most state agencies will see a 5 percent reduction in their budgets.

This is the second time in three months Governor Barbour has reduced budgets as revenue collections have dropped each month during the past year. In September, Governor Barbour trimmed agency budgets by \$170 million.

“We must keep Mississippi on solid financial ground,” Governor Haley Barbour. “Our budget situation is tough like every other state’s fiscal outlook, and there is no indication that our revenue picture will improve anytime soon. Therefore, I do not believe this is the last time I will have to reduce state spending this year.”

In the first five months of FY 2010, actual tax collections were 7.2 percent, or \$132.7 million, below collections for the same period in FY 2009.

Mississippi’s budget continues to miss the revenue projections made at the end of FY 2009. So far in the current budget year, state revenues have come in 7.38 percent, or \$136.6 million, below the estimate for the FY 2010.

“Our taxpayers deserve the very best, most effective, and most efficient services the state can offer within the confines of available revenues and the requirements of a balanced budget. We must deliver no less,” Governor Barbour said.

Some agencies and programs will not be affected by this round of cuts. These include the Office of the Auditor, the Mississippi Tax Commission, National Board Certification program for teachers, Chickasaw Interest, the Ayers settlement, debt service and student financial aid. The budgets of the Departments of Human Services and Rehabilitation Services partially will be held

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harmless to comply with legal settlements. The Department of Corrections will receive a 1-percent reduction totaling \$3.2 million.

Assuming revenues continue to decline, Mississippi faces a potential \$386 million shortfall in FY 2010. Even with these two rounds of budget cuts, Governor Barbour likely will reduce budgets by more than \$150 million later in the fiscal year.

The Governor is statutorily prohibited from cutting any agency by more than 5 percent until spending for all agencies has been cut five percent. This requires uniform cuts across the board. In order to achieve additional savings in FY 2010, Governor Barbour may be forced to reduce National Board Certification, potentially violate the terms of court orders and settlements, and make deep cuts to agencies that have taken on additional responsibilities with no additional funding. He has asked the Legislature for the authority to change the law to allow the Governor to order non-uniform spending reductions up to 10 percent before making even cuts across agencies.

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“Governors need the ability to reduce state spending with surgical precision, not a shotgun blast,” Governor Barbour said. “Current law sets a trap: If a governor fails to make necessary cuts, a state statute is violated. If a governor truly has to make the cuts equal across the board, then we’re faced with running afoul of existing court orders and settlements.”

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The Governor must trim spending as mandated by Mississippi Code §27-104-13, which requires the State Fiscal Officer to balance the budget when state revenue falls below estimates for the fiscal year.

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